



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 34 (ending 19/08/2016)

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**“If life were predictable it would cease to be life, and be without flavour.” – Eleanor Roosevelt**

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**Irish household debt at lowest level since 2006** – The Central Bank of Ireland reported that household debt continued to decrease during Q1 2016, falling by €1.1bn, or 0.7%. It is now at its lowest level since Q1 2006. It has declined continuously for the last 30 quarters and has fallen 27.1% from its peak reached in Q3 2008.

**Irish commercial property market returns 3.1% in Q2** – Returns from Irish commercial property continue to show good growth in 2016, as the latest IPD/SCSI Ireland Quarterly Property Index shows total returns for Quarter 2 at 3.1%, bringing the year-to-date return in 2016 to 6.3% and a 12 month return of 19.5%.

**U.K. retail sales surge despite Brexit** – British retail sales rose strongly in July as the Office for National Statistics reported that they increased 1.4% in July from June and were 5.9% higher than a year earlier. The pound rose on the news, climbing against the dollar as the data exceeded prior expectations after Brexit vote.

**Global stock market down 0.5% on the week** – The World stock market (MSCI AC World) was down 0.5% from 12th to 19th August to reverse recent trend, as markets reacted to the U.S. Federal Reserve keeping the door slightly ajar for a possible rate rise in September. The Volatility Index (VIX) was unchanged at 11.8%.

**New York Fed President says September U.S. rate rise possible** – The Federal Reserve could potentially raise interest rates as soon as next month, New York Federal Reserve President William Dudley said, warning of complacency and saying people are underestimating the likelihood of increases in U.S. borrowing costs.

**Oil hits \$50 for the first time in six weeks** – Brent crude rose above \$50 for the first time in six weeks on news that the Organization of the Petroleum Exporting Countries (OPEC) and other key exporters may revive talks on freezing output levels when they meet next month. Prices are up over 20% from a low in early August.

**The Story of the week:** An angry seagull forced the total evacuation of a supermarket in Cornwall. The bird swooped into the Tesco store and began harassing customers and staff. The store was eventually forced to close for 75 minutes as staff attempted to apprehend the annoyed avian, leaving more than 50 people unable to purchase their groceries. The gull was eventually captured and safely released outside after taunting workers from the top of a shelf of cat food.

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# Index Performances and Market Data\*

<b>Equity Markets % (in Local Currency)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD (to 19/08)</b>
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-10.1
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	13.4
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-6.8
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	8.5
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	4.6
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-13.1
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	9.7
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	2.3
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
U.S.	1.9	1.7	3.0	2.2	2.2	1.6
German	1.8	1.4	1.9	0.5	0.6	-0.1
UK	2.0	1.9	3.0	1.9	1.9	0.6
Japan	1.0	0.7	0.7	0.3	0.2	-0.1
Ireland	8.4	4.5	3.4	1.3	1.1	0.4
Italy	7.1	4.6	4.1	2.1	1.6	1.1
Greece	31.7	12.7	8.2	9.6	7.9	7.9
Portugal	13.4	6.9	6.1	2.7	2.5	3.0
Spain	5.1	5.4	4.1	1.6	1.7	0.9
<b>Central Bank Rates (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
<b>Foreign Exchange Rates</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
Euro/Dollar (€/€)	1.30	1.31	1.37	1.21	1.09	1.13
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.86
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.31
<b>IPD All Property Return (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Ireland	-2.4	3.1	12.7	40.1	25.0	6.3 (to end of Q2)
U.K.	8.1	2.7	10.7	17.8	13.1	2.5 (to end of Q2)
U.S.	14.5	5.3	11.4	11.2	12.1	4.1 (to end of Q2)

\*Past performance is not a reliable guide to future performance